Romerike Sparebank

Rating Action Report

LONG-TERM RATING
A-

OUTLOOK
Positive

SHORT-TERM RATING
N2

PRIMARY ANALYST
Geir Kristiansen
+4790784593
geir.kristiansen@nordiccreditrating.com

SECONDARY CONTACTS
Ylva Forsberg
+46768806742
ylva.forsberg@nordiccreditrating.com

Sean Cotten
+46735600337
sean.cotten@nordiccreditrating.com

Romerike Sparebank outlook revised to positive; 'A-' long-term issuer rating affirmed

Nordic Credit Rating has revised the outlook on its 'A-' long-term issuer rating on Norway-based savings bank Romerike Sparebank to positive from stable. It has affirmed the long-term rating and the 'N2' short-term issuer rating, as well as the 'A-' senior unsecured issue rating, 'BBB+' Tier 2 issue rating, and 'BBB-' Additional Tier 1 issue rating.

Rating rationale

The outlook revision reflects our view that the planned merger with Skue Sparebank (the acquiring bank), expected to complete 1 Sep. 2027, will lead to an improved and more competitive position in a vibrant region close to Oslo. Moreover, we expect the merger to improve long-term cost efficiency, although merger-related costs are likely to weaken earnings in the near term. The merged entity will have somewhat higher capital ratios, and projected common equity Tier 1 capital will remain strong at above 20% through 2028, providing substantial loss-absorbing capacity. Moreover, the merged banks are likely to have somewhat stronger credit quality than Romerike Sparebank. Subject to approval by the general meetings in Dec. 2026 and by the Financial Supervisory Authority of Norway, the banks aim to complete the merger by the third quarter of 2027.

The merger will create Norway's eighth-largest savings bank with combined total assets and transferred loans to Eika Boligkreditt of NOK 65bn as of 30 Sep. 2026. Both banks are located in the Oslo region, and their market areas are in close proximity. Moreover, both banks are members of the Eika Alliance, which facilitates the merger. We expect the combined bank to achieve a stronger market position in a growing region and to benefit from greater operational and funding scale. The banks estimate total synergies of NOK 40–60m after three years, with merger costs of NOK 55m. The pro forma CET1 ratio is 20.7%, and equity capital certificate holders will own 45% of the equity.

Our 'A-' long-term issuer rating on Romerike Sparebank reflects the bank's robust capital position, strong earnings and presence in a growth region. On a standalone basis, we expect the bank to report pre-provision income (PPI) to risk exposure amount (REA) of around 2.5% and a low cost-to-income ratio over our forecast horizon through 2028. We also expect somewhat elevated loan losses, albeit with Stage 3 loans falling from elevated levels. Strong capitalisation remains a credit strength in the short term, but we expect it to weaken due to high loan growth and expected dividends of 75% of earnings. The rating is constrained by significant exposure to real estate in the Romerike region, intense competition in the greater Oslo area and the bank’s low market share.

Positive outlook

The positive outlook reflects our expectation that Romerike Sparebank will merge with Skue Sparebank in 2027, thereby increasing its size and market position and leading to improving capitalisation, earnings and credit quality. It also reflects our view that the bank will be able to grow its market position while sustaining strong earnings and capitalisation. Moreover, we expect Romerike Sparebank's relatively weaker credit metrics to improve as it cleans up its portfolio of Stage 3 loans.

We could raise the rating to reflect increased size and market position, while maintaining post-merger pre-provision earnings to REA above 2.5% and a Tier 1 ratio above 19% over a protracted period, alongside improved credit metrics.

We could revise the outlook to stable to reflect materially weaker credit metrics than our projections, weaker pre-provision earnings relative to REA below 2.5% over a protracted period, or a Tier 1 ratio below 19%.

Figure 1. Romerike Sparebank standalone key credit metrics, 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	1.77	2.21	2.25	2.02	1.85	1.95	1.90
PPI/REA*	1.9	2.6	2.7	2.8	2.4	2.6	2.5
Cost-to-income	48.0	41.4	40.5	41.6	46.4	42.6	42.9
Return on ordinary equity	7.8	9.2	9.1	9.9	7.5	9.2	9.3
Loan losses/net loans	0.04	0.17	0.22	-0.01	0.16	0.15	0.13
Net Stage 3/net loans	0.94	2.06	1.94	1.40	2.20	1.81	1.53
Tier 1 ratio*	21.3	21.3	20.5	24.0	19.7	19.5	19.1

Source: company and NCR. e–estimate. All metrics adjusted in line with NCR methodology. *Consolidated capital adequacy metrics.

Figure 2. Skue Sparebank post-merger key credit metrics* (pro-forma from 2026e), 2022–2028e

%	2022	2023	2024	2025	2026e	2027e	2028e
Net interest margin	2.06	2.37	2.35	2.23	2.12	2.18	2.14
PPI/REA**	2.6	3.2	2.8	2.9	2.8	3.0	2.9
Cost-to-income	43.1	37.8	40.8	42.1	44.4	40.0	40.4
Return on ordinary equity	9.7	10.2	12.8	8.9	8.2	9.7	10.0
Loan losses/net loans	0.02	0.14	0.15	0.15	0.17	0.14	0.12
Net Stage 3/net loans	0.75	0.81	0.72	1.03	1.42	1.21	1.04
Tier 1 ratio**	21.6	21.6	21.2	23.9	21.1	20.6	19.7

Source: company and NCR. e–estimate. All metrics adjusted in line with NCR methodology. *Skue Sparebank's metrics 2022-2025, estimates are excluding merger costs and synergies. **Consolidated capital adequacy metrics.

Rating list	To	From
Long-term issuer credit rating:	A-	A-
Outlook:	Positive	Stable
Short-term issuer credit rating:	N2	N2
Senior unsecured issue rating:	A-	A-
Tier 2 issue rating:	BBB+	BBB+
Additional Tier 1 issue rating:	BBB-	BBB-

Relevant research

(i) Norwegian savings banks face widening gap in asset quality metrics, 15 Oct. 2026
(ii) NCR comments: Skue Sparebank and Romerike Sparebank consider merger, 24 Sep. 2026

Figure 3. Romerike Sparebank rating scorecard

Subfactors	Impact	To	From
National banking environment	10.0%	a	a
Sector exposure assessment	-	-	-
Regional assessment	10.0%	a	a
Cross border assessment	-	-	-
Operating environment	20.0%	a	a
Risk governance	7.5%	a-	a-
Capital	17.5%	a+	a+
Funding and liquidity	15.0%	a-	a-
Credit and market risk	10.0%	bbb-	bbb-
Risk appetite	50.0%	a-	a-
Competitive position	15.0%	bb+	bb+
Earnings	7.5%	a+	a+
Loss performance	7.5%	bbb+	bbb+
Performance indicators	15.0%	a-	a-
Indicative credit assessment		**a-**	**a-**
Peer comparison		Neutral	Neutral
Transitions		Neutral	Neutral
Borderline assessments		Neutral	Neutral
Stand-alone credit assessment		**a-**	**a-**
Ownership		Neutral	Neutral
Capital structure protection		Neutral	Neutral
Rating caps		Neutral	Neutral
Issuer rating		**A-**	**A-**
Outlook		Positive	Stable
Short-term rating		**N2**	**N2**

Figure 4. Capital structure ratings

Seniority	To	From
Senior unsecured	A-	A-
Tier 2	BBB+	BBB+
Additional Tier 1	BBB-	BBB-

Type of credit rating:	Long-term issuer credit rating Short-term issuer credit rating Issue credit rating
Publication date:	The rating was first published on 12 Nov. 2024.
Office responsible for the credit rating:	Nordic Credit Rating AS (NCR), Oslo, Norway. NCR is a registered credit rating agency under Regulation (EC) No 1060/2009.
Primary analyst:	Geir Kristiansen, +4790784593, geir.kristiansen@nordiccreditrating.com
Rating committee chairperson responsible for approval of the credit rating:	Sean Cotten, +46735600337, sean.cotten@nordiccreditrating.com
Were ESG factors a key driver behind the change to the credit rating or rating outlook?	No.
Methodology used when determining the credit rating:	NCR's Financial Institutions Rating Methodology published on 12 May 2025 NCR's Rating Principles published on 14 Feb. 2024 NCR's Group and Government Support Rating Methodology published on 14 Feb. 2024 The methodology and principles documents provide analytical guidance to NCR's rating activities including but not limited to, assumptions, parameters, cash flow analysis, and stress-testing. NCR's methodologies and principles can be found on our website nordiccreditrating.com/governance/policies. The historical default rates of entities and securities rated by NCR will be viewed on the central platform (CEREP) of the European Securities and Markets Authority (ESMA).
Materials used when determining the credit rating:	Annual- and quarterly reports of the rated entity, Bond prospectuses, Company presentations, Data provided by external data providers, Meetings with management of the rated entity, Non-public information, Press reports/public information, Website of rated entity.
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Ancillary services provided:	No ancillary services have been provided in the last 12 months.
Regulations:	This rating was issued and disclosed under Regulation (EC) No 1060/2009.
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